



13 April 2023
TAX REVENUE STATISTICS
1995-2022

TAX BURDEN WAS 36.4% OF GDP IN 2022

In 2022, tax burden increased 14.9% in nominal terms, attaining 87.1 billion euros, corresponding to 36.4% of GDP (35.3% in the previous year). Considering 2021, last year with data available for the European Union (EU27) and excluding taxes received by EU institutions, Portugal continued to register a lower tax burden (35.1%) than the EU27 average (40.5%).

Direct tax revenue increased by 24.1%, mainly reflecting the 12.8% increase in personal income tax (IRS) revenue. Social contributions rose 10.2%, benefiting from the growth of paid employment and from the increase of the minimum wage. Revenues from corporate income tax (IRC) rose by 59.6%, benefiting from the more favourable behaviour of economic activity in 2022.

Indirect taxes grew of 12.2%, with the proceeds from value added tax rising by 18.1% (+13.7% in 2021), standing out also the rise in revenue from real estate transfer tax collected by Local Government (+26.3%). There were also increases from excise duties on tobacco (+8.4%), stamp tax (+6.6%) and tax on motor vehicle sales (+5.3%).

The tax on petroleum and energy products was the only main tax to see its revenue fall (-21.3%), as a result of the measures implemented by the Government to mitigate the increase in fuel prices.

In 2020, the most recent year with detailed information for its compilation, the VAT gap was estimated at 267 million euro, corresponding to 1.6% of the VAT revenue of the year, 0.7 p.p. less than that observed in 2019.

Statistics Portugal presents in this press release the tax revenue statistics for the year 2022, consistent with the base year 2016 of the Portuguese National Accounts, where figures for 1995 to 2020 have the nature of final data. The publication of this press release is based on data from the General Government Accounts underlying the first notification of 2023 on the Excessive Deficit Procedure (EDP), released by end March.

The terminology adopted, although assuming the conceptual framework of the European System of National and Regional Accounts (ESA2010), has reference to the one followed in the annual report of the European Commission "Taxation Trends in the European Union", in this way facilitating the analysis and comparison of the results.

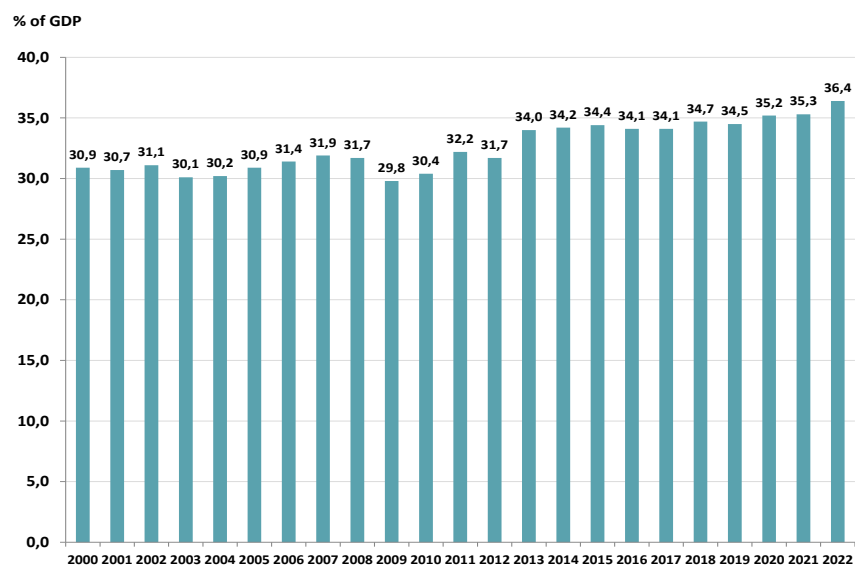
The tables presented in this press release include data for the period 2011 to 2022. The files available in annex include information for the period 1995 to 2022.



TAX BURDEN

In 2022, tax revenue reached the value of 87.1 billion euro. The increase in revenues was about 11.3 billion euro, comparing with 2021, benefiting from the GDP growth rate of 6.7%, in real terms, the highest since 1987 and, in the context of high inflation, from the acceleration of the implicit GDP deflator, which recorded the highest rate of change since 1995 (+4.5%).

Figure 1. Evolution of the tax burden between 2000 and 2022 (% of GDP)



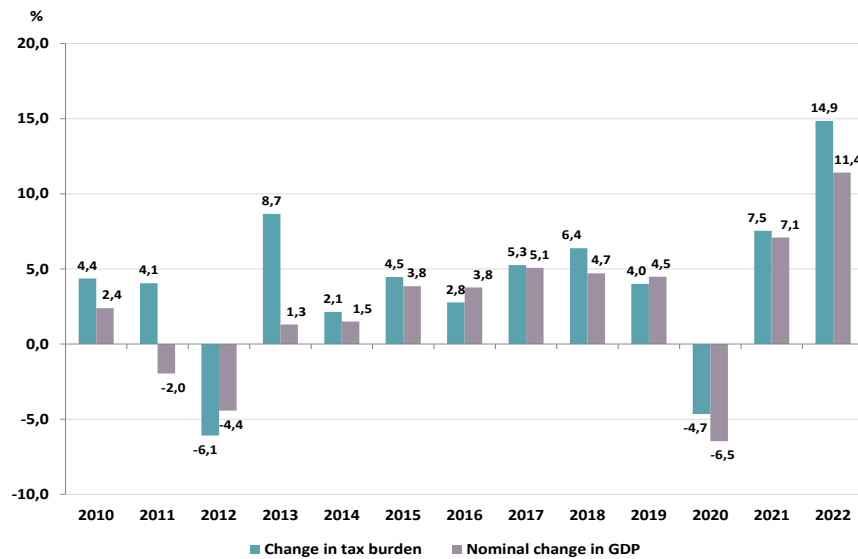
Source: Statistics Portugal, National Accounts

Since the variation of total tax revenues (+14.9%) was higher than the nominal change rate of GDP (+11.4%), tax burden increased to 36.4%¹ in 2022 (35.3%, in the previous year).

¹ Preliminary value.



Figure 2. Changes in tax burden and GDP between 2010 and 2022 (%)



Source: Statistics Portugal, National Accounts

The increase of 11.3 billion euro in tax revenues is explained by increases in the collection of VAT, corporate income tax (IRC) and actual social contributions which rose 3.5 billion euro, 2.9 billion euro and 2.3 billion euro, respectively. As for the revenue of personal income tax (IRS), the increase amounted to +1.9 billion euro.

The good performance of the economy and the significant increase in price levels explain, to a large extent, the behaviour of VAT revenue. Indeed, there was an increase in private consumption by resident households, which rose 12.6% in nominal terms, and by non-residents households (tourism), which was up by 109.7%, reaching nominal values higher than the pre-pandemic period, by about 15%.

The revenue from real estate tax collected by Local Government (IMI) and from real estate transfer tax collected by Local Government (IMT) increased 0.8% and 26.3%, respectively. The gain of revenue for these two taxes amounts to 359 million euro, reflecting another outstanding year in Portuguese real estate market.

On the other hand, tax on oil and energetic products (ISP) revenues decreased by 757 million euro, having been the only tax with a negative behaviour, reflecting the measures implemented by the Government to mitigate the increase in fuel prices, through a reduction in the tax rate on fuels.

Regarding the behaviour of other indirect taxes, there was an increase of 608 million euro (change of 18.7%) mainly due to the increase in revenues from carbon trading rights (+259.2 million euro), from import duties (+126.8 million euro), from gambling taxes (+55.5 million euro) and from security fee on air travel passengers (+40.8 million euros).

Finally, actual social contributions rose 10.2%, in 2022. In addition to the recovery of economic activity, accompanied by employment growth (according to preliminary data from the quarterly national accounts, the number of employees increased by 3.3%, in 2022), also wages updates combined with an additional rise of the minimum wage (+6%), contributed to this outcome.



Table 1. Tax burden and its components between 2011 and 2022

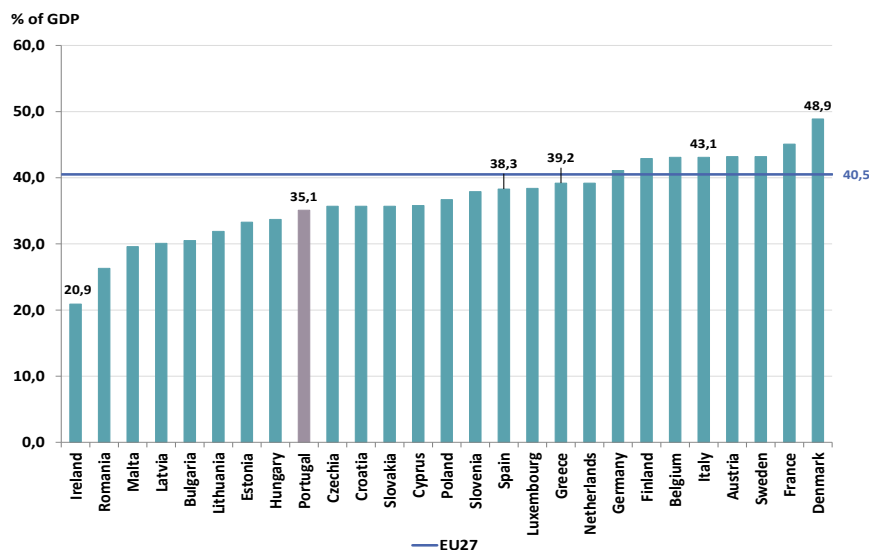
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Tax burden	56.767,1	53.309,3	57.927,4	59.167,8	61.806,2	63.520,2	66.859,1	71.127,5	73.975,0	70.531,6	75.852,7	87.120,1
Million Euro												
Direct taxes	16.596,7	15.263,8	19.269,1	18.799,7	19.279,9	18.802,6	19.418,7	20.684,0	20.889,9	20.098,5	20.714,2	25.708,1
Indirect taxes	24.487,7	23.413,5	23.509,1	24.781,7	26.331,6	27.790,5	29.471,7	31.298,3	32.468,8	29.474,8	32.718,0	36.701,2
Social contributions	15.682,7	14.632,1	15.149,2	15.586,4	16.194,7	16.927,1	17.968,7	19.145,2	20.616,3	20.958,3	22.420,4	24.710,9
Annual rate of change (%)												
Tax burden	4,1	-6,1	8,7	2,1	4,5	2,8	5,3	6,4	4,0	-4,7	7,5	14,9
Direct taxes	9,3	-8,0	26,2	-2,4	2,6	-2,5	3,3	6,5	1,0	-3,8	3,1	24,1
Indirect taxes	2,5	-4,4	0,4	5,4	6,3	5,5	6,0	6,2	3,7	-9,2	11,0	12,2
Social contributions	1,4	-6,7	3,5	2,9	3,9	4,5	6,2	6,5	7,7	1,7	7,0	10,2
Percentage to total												
Direct taxes	29,2	28,6	33,3	31,8	31,2	29,6	29,0	29,1	28,2	28,5	27,3	29,5
Indirect taxes	43,1	43,9	40,6	41,9	42,6	43,8	44,1	44,0	43,9	41,8	43,1	42,1
Social contributions	27,6	27,4	26,2	26,3	26,2	26,6	26,9	26,9	27,9	29,7	29,6	28,4

Source: Statistics Portugal, National Accounts

Comparing the Portuguese situation with the rest of the European Union (EU27), in 2021, Portugal continued to present a tax burden (35.1%) lower than the average, which stood at 40.5%. It should be mentioned that for this comparison, taxes collected by European Union Institutions are not included, determining a tax burden of 35.1% of GDP (35.3% if those taxes were included).

In 2021, Portugal is one of the countries with the lowest tax burden, lower than Spain (38.3%), Greece (39.2%) and Italy (43.1%).

Figure 3. Tax burden in the EU27 countries, in 2021



Source: Statistics Portugal, National Accounts; EUROSTAT